

ANNUAL REPORT 2010



GHANI GLASS

Leaders in Glass

GHANI GLASS LIMITED

A Company of Ghani Group

CONTENTS

Corporate Information	2
Mission and Vision	4
Notice of Annual General Meeting	5
Director's Report	7
Pattern of Share Holdings	13
Six Years at Glance	18
Statement of Value Addition	20
Product Range	21
Promotional Activities	23
Statement of Compliance	24
Auditors Review on Compliance Report	26
Auditors Report	27
Balance Sheet	28
Profit and Loss Account	29
Cash Flow Statement	30
Statement of Comprehensive Income	31
Statement of Changes in Equity	32
Notes to the Accounts	33
Form of Proxy	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Aitzaz Ahmad Khan
Mr. Imtiaz Ahmad Khan
Mr. Anwaar Ahmad Khan
Mr. Aftab Ahmad Khan
Mrs. Ayesha Aftab
Hafiz Farooq Ahmad
Hafiz Avais Ghani
Mr. Junaid Ghani
Mrs. Rubina Imtiaz (Alternate)
Mr. Jubair Ghani
Mrs. Reema Anwaar (Alternate)
Mr. Shahid Khan
Mr. Faysal Essam T. Hamza (Alternate)

Chairman
Chief Executive Officer
Deputy Chief Executive Officer

Nominee SJC Pakistan LLC

AUDIT COMMITTEE

Mr. Aftab Ahmad Khan
Mr. Jubair Ghani
Mrs. Ayesha Aftab

Chairman

CHIEF FINANCIAL OFFICER

Mr. Umer Farooq Khan

COMPANY SECRETARY

Hafiz Mohammad Imran Sabir

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISOR

Ally Law Associates

SHARE REGISTRAR

Corplink (Pvt) Ltd
Wings arcade, 1-K Commercial
Model Town, Lahore
Phones : 042- 35916714, 35916719
Fax : 042- 35869037

CORPORATE CONSULTANTS

- Muhammad Siddique Chaudhary
- E & Y Ford Rhodes Sidat Hyder
Chartered Accountants

BANKERS

Albaraka Islamic Bank
Allied Bank of Pakistan Limited
Bank Alfalah Limited, IBD
Dawood Islamic Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited, IBD
Meezan Bank Limited
MCB Bank Limited, IBD
Soneri Bank Limited, IBD
Standard Chartered Bank Limited, IBD
Bank Islami Pakistan Limited

HEAD OFFICE

40-L Model Town
Lahore, Pakistan
UAN: (042) 111 949 949
Fax: (042) 35172263
E-mail : ggc49@wol.net.pk
Http://www.ghanigroup.com

REGISTERED OFFICE

50-L Model Town
Lahore, Pakistan
Phones : (042) 35203975-76
Fax : (042) 35160314

MARKETING OFFICE

12 D/3, Chandni Chowk
KDA Scheme No. 7-8
Karachi - 74000
UAN : (021) 111 949 949
Fax : (021) 34941131
E-mail : marketing@ghanigroup.com

GGL PLANT-1 & REGIONAL MARKETING OFFICE-NORTH

22 km Haripur Taxila Road, (From Haripur)
The. & Dist. Haripur (NWFP)
Phones : (0995) 639236-40 & (0596) 539063-65
Fax : (0995) 639067
Email : gglplant@hrp.wol.net.pk

GGL PLANT-2

H- 15, Landhi Industrial Area
Karachi-74000
Phone : (021) 35020761-63
Fax : (021) 35020280
Email: purkml@khi.wol.net.pk

GGL PLANT-3

29-km Lahore Sheikhpura Road,
District Sheikhpura
Phones : (0563) 406796
Fax : (0563) 406795
Email : ghanifloat@ghanigroup.com

MISSION STATEMENT

To be successful by
effectively & efficiently
Utilizing our Philosophies,
so that We achieve & Maintain
constantly the High Standards of
Product Quality
&
Customer Satisfaction

VISION & PHILOSOPHY

Nothing in this earth or in the heavens
Is hidden from ALLAH
To indulge in honesty, integrity and self
Determination, to encourage
in performance and
most of all to put our trust in ALLAH,
so that we may, eventually through our
Efforts and belief,
become the leader amongst glass manufacturers
of South Asian Countries

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 18th Annual General Meeting of the members of **GHANI GLASS LIMITED** will be held on Wednesday October 20, 2010 at 11:30 a.m., at Avari Hotel, The Mall, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on October 27, 2009.
2. To receive, consider and adopt the audited annual accounts of **GHANI GLASS LIMITED** for the year ended June 30, 2010 together with the Directors' and Auditors' reports thereon.
3. To approve as recommended by directors dividend @10% in the form of bonus shares and cash dividend @25% i.e. Rs 2.5 per share.
4. To appoint auditors for 2011 and fix their remuneration.

The retiring auditors namely M/s. KPMG Taseer Hadi & Co., Chartered Accountants being eligible have offered themselves for re-appointment.

Special Business

5. To consider and if deemed fit, pass the following resolution for investment in **RAK Ghani Glass LLC**. pursuant to the provisions of Section 208 of the Companies Ordinance, 1984.

Special Resolution

"RESOLVED THAT pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, **GHANI GLASS LIMITED** (*The Company*) be and is hereby authorized to make investment in the form of loan/advances up to an amount of USD 1 million (*equal to PKR 86 million approximately*) in **RAK Ghani Glass LLC**. (*Associated Company registered under the laws of UAE*) subject to the approval required under the law."

"FURTHER RESOLVED that the Chief Executive of the Company be and is hereby authorized to take any and all actions to implement and/or give effect to the above resolution."

6. To transact any other business with the permission of the Chair.

Statement required under section 160(1)(b) of Companies Ordinance, 1984 is being sent to the members with this notice.

Lahore: September 20, 2010.

By order of the Board

Hafiz Mohammad Imran Sabir
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 14, 2010 to October 20, 2010 (both days inclusive) for entitlement of cash dividend/bonus shares. Members whose names appear on the register of members as at the close of business on October 13, 2010 will be entitled to the above entitlement.

2. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Company or not.

3. Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to bring their original Computerized National Identity Cards (C.N.I.C.) along with the participant's I.D. Number and their account numbers in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting. In case of proxy, an attested copy of proxy's Identity Card (C.N.I.C.), Account & Participant's ID number be enclosed. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

Proxies, in order to be valid, must be deposited at the registered office of the Company not less than 48 hours before the time of meeting.

4. Members are requested to promptly notify Company's Shares Registrar M/s. Corplink (Pvt.) Ltd., Wings Arcade, 1-K Commercial, Model Town, Lahore, Ph: 042-35916714, 35916719 Fax: 042-35869037 of any change in their addresses to ensure delivery of mail.

Statement under Section 160(1) (b) of Companies Ordinance, 1984:

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 of the Notice, to be transacted at the Annual General Meeting of the Company.

- i) **Name of the investee company:** RAK Ghani Glass LLC.
- ii) **Amount of investment:** Investment in the form of loan/advances up to an amount of USD 1 million (*equal to PKR 86 million approximately*)
- iii) **Return on Investment:** The return on loan/advances will be more than the borrowing cost prevailed in the market
- iv) **Purpose of Investment:** To support the associated company to enable it to come to a profitable position
- v) **Detail of Investment already made:** the company has already made equity investment of PKR 146.96 million in RAK Ghani Glass LLC.
- vi) **Interest of Directors and their relatives in the investee company:** The Directors are interested in special business to the extent of shares held by them in **Ghani Glass Limited**

DIRECTORS' REPORT

The Directors of the company take pleasure in presenting their Report together with Company's Audited Financial Statements for the year ended June 30, 2010.

ECONOMIC OVERVIEW

Despite severe challenges, Pakistan's economy has shown resilience in the outgoing year. Growth in the Gross Domestic Product (GDP) for 2009/10, on an inflation adjusted basis, has been recorded at a provisional 4.1%. This compares with GDP growth of 1.2% (revised) in the previous year. Industrial output expanded by 4.9%, with Large Scale Manufacturing (LSM) posting a 4.4% rate of growth. The Services sector grew 4.6%, as compared to 1.6% in 2008-09.

The overall macroeconomic context remains difficult in the near term with continuing challenges. The global economic recovery is weak, with uncertain prospects for demand for Pakistan's exports. In addition, the energy and water shortages, the internal security situation and current Floods could constrain growth in 2010-11.

OPERATING FINANCIAL RESULTS

During the year under review, despite prolonged load shedding of the Gas utility for almost six months necessitating use of furnace oil, your Company has been able to absorb the additional Cost Impact of furnace oil by increasing productivity, improving quality and controlling costs of production. Alhamdulillah, over the same period last year, the productivity increased by 13.5%, Sales by 26%, Gross Profit by 24% and Net Profit by 33%. Exports growth was 15% despite unfavourable economic conditions across the globe. The performance of your Company has been

exceptional considering the difficult local and international economic conditions. This has been made possible by the blessings of Allah (SWT) and sustainable strategy pursued by your Company.

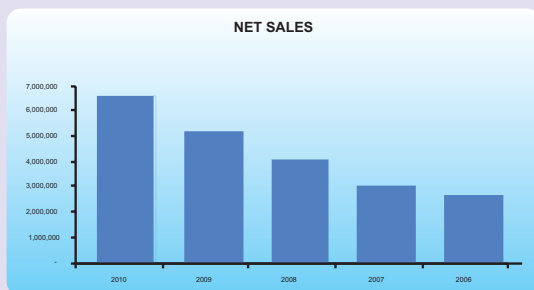
Highlights	2010	2009
	(Rupees in 000)	
Net Sales	6,533,756	5,191,729
Gross Profit	1,888,996	1,526,090
Profit from Operations	1,368,906	1,143,042
Finance Cost	60,801	93,098
Other Income	37,281	78,874
Profit before Tax	1,278,004	993,285
Profit after Tax	947,196	712,761
Earnings per Share	9.77	7.35

Your company earned a gross profit of Rupees 1.889 billion against Rupees 1.526 billion of the previous year and showed upward trend of 24%.

The net profit after tax has gone up to Rupees 947 million as compared to Rupees 713 million of the last year and is 33% higher.



Net sales revenue increased to Rupees 6.534 billion as compared to Rupees 5.192 billion last year , 26% higher. The export sales also showed an improvement at 15% despite difficult market conditions. Overall productivity was higher by 13.64 % compared with last year.



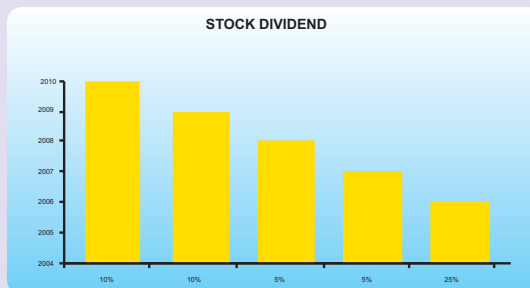
EARNING PER SHARE

Earning per share has increased to 9.77 as compared to 7.35 of the last year.



DIVIDEND

The Board of Directors has recommended 25% Cash Dividend and 10% Stock Dividend as compared to 30% and 10% respectively for the last year.

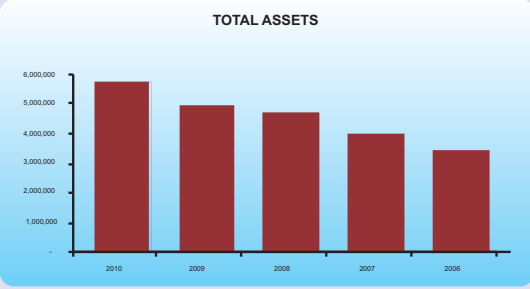


FLOAT GLASS EXPANSION PROJECT

The Float Glass Expansion Project is progressing well, civil works are ahead of Schedule and major import L/Cs have been established. The Management is confident that with the help of Allah SWT, the Project will be completed within a record period of twelve months. With this expansion the production capacity of the Company will increase by 150,000 tons of glass per annum.

OTHER PROJECTS COMPLETED

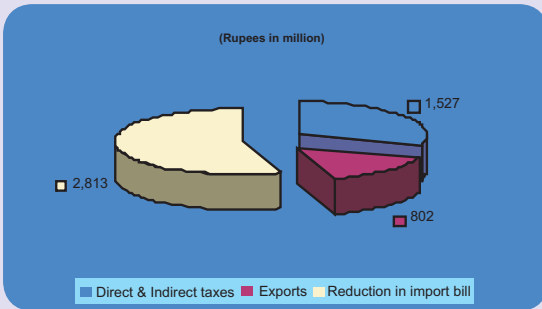
With the grace of Almighty Allah, as part of the continuing BMR, we have successfully completed and commissioned the installation of printing machines, I. S machines, compressors and tandem line at GGL I Plant. These installations have raised the production capacity of your Company to meet the local as well as international demand of glass. Asset Base of your Company has gone up by 15% as compared to 6% last year. During the year additions in Fixed Assets of Rupees 253 M were made.





CONTRIBUTION TO NATIONAL EXCHEQUER

The company contributed an amount of Rupees 5.143 billion by way of reduction in import bill, taxes, levies, custom duty, sales tax etc.



FUTURE OUTLOOK

Pakistan’s economy has been facing very difficult times because of the internal security situation, energy crisis, natural calamities and the ongoing weak global economic recovery. Because of the damage caused by devastating floods, economic growth of Pakistan is expected to drop significantly in 2011 financial year and inflation would likely rise.

The loss of crops will hit the textile manufacturing which is the largest export sector of Pakistan. Furthermore, the loss of over 10 million heads of livestock's along with the loss of other crops will bring down the total agricultural production. Overall performance of Pakistan's manufacturing, services and exports is expected to be much lower in the next year. Floods may sap growth, necessitating production cuts as people struggle to cope with the

destruction, putting the economy on the edge of precipice. Local demand for glass is, therefore, anticipated to fall during the next year.

In such circumstances expansion project appears to be a riskier venture but the management strongly believes that the Project will add to the economy of scale, bringing in cost benefits, and with the blessing of Allah SWT, to whom all profits and losses belong, it will be successful.

HUMAN RESOURCE

Development of Human Resource has always been a priority area in the Company as the Directors consider human capital as the most precious asset of your Company. During the year, training, development, safety, health of our people remained in focus and performance management have further strengthened this asset.

By the grace of Almighty Allah our employees’ commitment, professionalism and focus on quality and customer care continue to help us achieve our growth targets.

STATUTORY AUDITORS OF THE COMPANY

The present auditors M/s KPMG Taseer Hadi & Company, Chartered Accountants retire and offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the company for the year ending June 30, 2011, at a mutually agreed fee.

STAFF RETIREMENT BENEFIT

The Company operates a funded contributory provident fund scheme for its employees and contributions based on salaries of the employees are made to the fund on monthly basis.

SHARE PRICE TREND

During the year under review minimum price of share of Rs. 10 each fell up to Rs. 47.57 and at one stage rose as high as Rs. 87.99 and closed at Rs. 57 as on June 30, 2010.

BOARD OF DIRECTORS

The Board of Directors, which consist of Ten members and three alternate members, have responsibility to independently and transparently monitor the performance of the company and take strategic decisions to achieve sustainable growth in the company value.

A written notice of the Board meeting along with working papers was sent to the members seven days before meetings. A total of four meetings of the Board of Directors were held during the period of one year, from July 01, 2009 to June 30, 2010. The attendance of the Board members was as follows:

S. No.	Name of the Director	No. of
		Meeting attended
1	Mr. Aitzaz Ahmad Khan	4
2	Mr. Imtiaz Ahmad Khan	4
3	Mr. Anwaar Ahmad Khan	3
4	Mr. Aftab Ahmad Khan	4
5	Mr. Ayesha Aftab	4
6	Mr. Hafiz Avais Ghani	4
7	Mr. Hafiz Farooq Ahmad	2
8	Mr. Junaid Ghani	2
	Mrs. Rubina Imtiaz (Alternate)	
9	Mr. Jubair Ghani	3
	Mrs. Reema Anwaar (Alternate)	
10	Mr. Shahid Sayf Al-Din Khan	4
	Mr. Faysal Essam T. Hamza (Alternate)	

Leave of absence was granted to directors who could not attend some of the meetings.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore and Islamabad Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2010 have been adopted by the company and have been duly complied with.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The board has adopted the statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulators.

SUBSEQUENT EVENTS (after June 30, 2010)

There have been no material changes since June 30, 2010 and the company has not entered into any commitment, which would materially affect its financial position at the date.

AUDIT COMMITTEE

An audit committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises of one executive and two non executive directors. During the year four meetings of the Audit Committee

were held. The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

RELATIONS WITH STAKEHOLDERS

We are committed to establish mutually beneficial relations with our suppliers, customers and business partners.

CORPORATE SOCIAL RESPONSIBILITY

We are endeavoring to be a trusted Corporate Citizen and fulfill our responsibility to the society.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Code of Corporate Governance, we give below statements of Corporate and Financial Reporting framework:

The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

Proper books of account have been maintained by the company.

Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

The system of internal control is sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the company's ability to continue as a going concern.

There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

There has been no departure from the best practices of transfer pricing.

The key operating and financial data for the last six years is annexed.

Information about taxes and levies is given in the notes to the accounts.

The value of investments and bank balances in respect of staff retirement benefits:

Provident Fund **Rs. 91.607 million**

The value of investment includes accrued interest.

TRADING OF SHARES BY THE CEO, DIRECTORS, CFO, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN

Name	No. of Shares	No. of Shares
	sold/gifted	purchased/ Gift received
Mr. Aitzaz Ahmad Khan	1,900,000 gifted	-
Mr. Imtiaz Ahmad Khan	10,000	120,000
Mr. Anwaar Ahmad Khan	-	155,451
Mr. Aftab Ahmad Khan	-	4,174
Hafiz Awais Ghani	-	3,458,340 received as gift

PATTERN OF SHARE HOLDINGS UNDER CLAUSE XIX (I) AND (J) OF CODE OF CORPORATE GOVERNANCE

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2010, whose disclosure is required under the reporting framework, is included in the annexed shareholder's information. The directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in shares of the company during the year, except as noted above.

ACKNOWLEDGMENT

On behalf of the Board, I would like to thank all the shareholders, dealers, employees and other stakeholders for their valued support and I up hold the confidence they have showed in the management and I pray to Allah SWT for His guidance and beg for His endless mercy for all our endeavors, so that we shall be able to come up with dear rewards for all the stakeholders.

We put on record our doubtless faith in Allah SWT and pray to him for the very best of this company and for all the individuals directly or indirectly attached to it.

Lahore: September 20, 2010

Imtiaz Ahmed Khan
Chief Executive Officer

INFORMATION UNDER CLAUSE XIX (I) OF THE CODE OF CORPORATE GOVERNANCE AS ON JUNE 30, 2010

HOLDING

ASSOCIATED COMPANIES:

1	JAMIA-TUL-GHANI	100,724
2	GHANI MINES (PVT) LIMITED - (CDC)	728,779
		829,503

NIT & ICP:

1	NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT- (CDC)	1,883,973
2	NATIONAL INVESTMENT TRUST LIMITED (CDC)	11,993
3	IDBP (ICP UNIT) - (CDC)	841
4	INVESTMENT CORPORATION OF PAKISTAN	500
		1,897,307

DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN:

1	MR. IMTIAZ AHMAD KHAN	8,729,554
	MR. IMTIAZ AHMAD KHAN - (CDC)	2,244,713
2	MR. JUNAID GHANI	1,042,916
	MR. JUNAID GHANI. (CDC)	432,798
3	MR. ANWAAR AHMAD KHAN	8,370,763
	MR. ANWAAR AHMAD KHAN - (CDC)	4,383,438
4	MR. AFTAB AHMAD KHAN	8,140,332
	MR. AFTAB AHMAD KHAN - (CDC)	3,823,636
5	MRS. AYESHA AFTAB	2,548,388
6	MR. AITZAZ AHMED GHANI - (CDC)	1,201,065
7	HAFIZ AVAIS GHANI - (CDC)	5,806,340
8	MR. FAROOQ AHMAD KHAN (CDC)	2,522,363
9	MR JUBAIR GHANI	760,853
10	MR. SHAHID KHAN (NOMINEE DIRECTOR)	-
11	MRS. RUBINA IMTIAZ W/O IMTIAZ AHMAD KHAN	1,452,221
12	MRS. REEMA ANWAAR W/O ANWAAR AHMAD KHAN	2,409,532
	MRS. REEMA ANWAAR W/O ANWAAR AHMAD KHAN	272,630
13	MRS.ZAHIDA AITZAZ W/O AITZAZ AHMED	5,228
		54,146,770

PUBLIC SECTOR COMPANIES AND CORPORATIONS

JOINT STOCK COMPANIES

1	SINACO ENGINEERS (PVT) LIMITED	86,798
2	AJ GROUP LIL HAJWAL UMMRAH SERVICE (PVT) LTD. (CDC)	20,000
3	AL-ASAR SECURITIES (PRIVATE) LIMITED. (CDC)	89
4	AMER SECURITIES (PVT) LTD (CDC)	1,100
5	AMIN TAI SECURITIES (PRIVATE) LIMITED (CDC)	720,222
6	B & B SECURITIES (PRIVATE) LIMITED (CDC)	2,500
7	CAPITAL VISION SECURITIES (PVT) LTD (CDC)	955
8	CAPITAL VISION SECURITIES (PVT) LTD. (CDC)	684
9	DARSON SECURITIES (PRIVATE) LIMITED (CDC)	55
10	DARSON SECURITIES (PVT) LIMITED (CDC)	6,242
11	ELEVEN STARS SECURITIES (PVT) LTD (CDC)	260,000
12	ENERGY INFRASTRUCTURE HOLDING (PRIVATE) LIMITED (CDC)	4,233,790
13	FDM CAPITAL SECURITIES (PVT) LIMITED (CDC)	4,900
14	FDM CAPITAL SECURITIES (PVT) LIMITED (CDC)	11,000
15	GENERAL INVEST. & SECURITIES (PVT) LTD. (CDC)	406

16	HIGHLINK CAPITAL (PVT) LTD (CDC)	1,163
17	IGI FINEX SECURITIES LIMITED (CDC)	1
18	INVEST FORUM (SMC-PVT.) LIMITED (CDC)	700
19	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED (CDC)	62
20	JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED (CDC)	554,000
21	M.R. SECURITIES (SMC-PVT) LTD. (CDC)	1,576
22	MAAN SECURITIES (PVT) LTD. (CDC)	5,626
23	MAM SECURITIES (PVT) LIMITED (CDC)	12
24	MAZHAR HUSSAIN SECURITIES (PVT) LIMITED (CDC)	11,665
25	MILLWALA SONS (PVT.) LIMITED (CDC)	64
26	MONEY LINE SECURITIES (PVT.) LTD (CDC)	68,247
27	MONEYLINE SECURITIES (PRIVATE) LIMITED (CDC)	4,000
28	NH SECURITIES (PVT) LIMITED. (CDC)	5
29	PROGRESIVE SECURITIES (PVT) LTD. (CDC)	100
30	PRUDENTIAL SECURITIES LIMITED (CDC)	275
31	SHAFFI SECURITIES (PVT) LIMITED (CDC)	440
32	SJC PAKISTAN LLC (CDC)	19,396,931
33	STOCK MASTER SECURITIES (PRIVATE) LIMITED (CDC)	2,000
34	STOCK MASTER SECURITIES (PRIVATE) LTD. (CDC)	576
35	TARIQ SAYEED SECURITIES (PVT) LIMITED (CDC)	19
36	TIME SECURITIES (PVT.) LTD. (CDC)	3,300
37	UNIVERSAL EQUITIES (PRIVATE) LIMITED (CDC)	400
38	UNIVERSAL EQUITIES (PVT) LTD (CDC)	55
39	Y.S. SECURITIES & SERVICES (PVT) LTD. (CDC)	165
40	ZHV SECURITIES (PVT) LIMITED (CDC)	136
		<u>25,400,259</u>

BANKS, DEVELOPMENT FINANCE INSTITUTIONS,

NON BANKING FINANCE INSTITUTIONS:

1	BANK ALFALAH LIMITED - ISLAMIC DIVISION - (CDC)	435,344
2	HABIB METROPOLITAN BANK LIMITED - (CDC)	52,750
3	ESCORTS INVESTMENT BANK LIMITED (CDC)	1,155
4	NATIONAL BANK OF PAKISTAN. (CDC)	281,674
5	THE BANK OF PUNJAB. (CDC)	99,658
		<u>870,581</u>

INSURANCE COMPANIES:

1	EFU LIFE ASSURANCE LIMITED - (CDC)	187,687
2	HABIB INSURANCE CO. LIMITED - (CDC)	7,507
		<u>195,194</u>

MODARABAS & MUTUAL FUNDS:

1	AL - MEEZAN MUTUAL FUND LIMITED - (CDC)	614
2	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	6,088
3	CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND (CDC)	41,000
4	CDC - TRUSTEE JS PENSIN SAVINGS FUND- EQUITIES (CDC)	20,900
5	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND. (CDC)	50,000
		<u>118,602</u>

OTHERS COMPANIES:

1	GHANI GLASS LTD EMPLOYEES PROVIDENT	1,036
2	TRUSTEES GHANI GLASS LTD EMPLOYEES PROVIDENT FUND. (CDC)	17,160
3	TRUSTEES MUHAMMAD AMIN WAKF ESTATE - (CDC)	24,428
4	TRUSTEES SAEEDA AMIN WAKF - (CDC)	4,159
		<u>46,783</u>

FOREIGN COMPANIES:

NIL

SHARES HELD BY THE GENERAL PUBLIC:

13,479,658
96,984,657

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

1	MR. IMTIAZ AHMAD KHAN	10,974,267
2	MR. ANWAAR AHMAD KHAN	12,754,201
3	MR. AFTAB AHMAD KHAN	11,963,968
4	SJC PAKISTAN LLC - (CDC)	19,396,931
		<u>55,089,367</u>

**PATTERN OF SHAREHOLDING
OF SHARES HELD BY THE SHAREHOLDERS
OF GHANI GLASS LIMITED AS AT JUNE 30, 2010**

No. of Shareholders	From	Shareholding	To	Total Shares Held
274	1		100	8,954
226	101		500	57,036
152	501		1,000	106,265
298	1,001		5,000	582,084
50	5,001		10,000	337,114
28	10,001		15,000	326,932
9	15,001		20,000	154,878
4	20,001		25,000	92,059
6	30,001		35,000	196,072
2	35,001		40,000	74,071
3	40,001		45,000	124,859
2	45,001		50,000	97,324
2	50,001		55,000	106,219
2	65,001		70,000	133,447
3	70,001		75,000	218,019
1	80,001		85,000	84,500
3	85,001		90,000	264,346
3	90,001		95,000	283,905
2	95,001		100,000	195,107
1	100,001		105,000	100,724
1	150,001		155,000	151,168
2	175,001		180,000	355,778
2	185,001		190,000	373,976
1	215,001		220,000	215,600
1	255,001		260,000	260,000
1	270,001		275,000	272,630
1	280,001		285,000	281,674
1	300,001		305,000	301,907
1	430,001		435,000	432,798
1	435,001		440,000	435,344
1	550,001		555,000	554,000
1	720,001		725,000	720,222
1	725,001		730,000	728,779
1	760,001		765,000	760,853
1	785,001		790,000	788,450
1	990,001		995,000	990,990
1	1,040,001		1,045,000	1,042,916
1	1,175,001		1,180,000	1,175,284
1	1,200,001		1,205,000	1,201,065
1	1,450,001		1,455,000	1,452,221
1	1,585,001		1,590,000	1,587,654
1	1,880,001		1,885,000	1,883,973
1	2,240,001		2,245,000	2,244,713
2	2,430,001		2,435,000	4,864,910
1	2,405,001		2,410,000	2,409,532
1	2,520,001		2,525,000	2,522,363
1	2,545,001		2,550,000	2,548,388
1	3,820,001		3,825,000	3,823,636
1	4,230,001		4,235,000	4,233,790
1	4,380,001		4,385,000	4,382,209
1	5,805,001		5,810,000	5,806,340
1	8,140,001		8,145,000	8,140,331
1	8,370,001		8,375,000	8,370,763
1	8,725,001		8,730,000	8,729,554
1	19,395,001		19,400,000	19,396,931
1,109				96,984,657

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	54,146,770	55.8302%
Associated Companies, undertakings and related parties.	829,503	0.8553%
NIT and ICP	1,897,307	1.9563%
Banks Development Financial Institutions, Non Banking Financial Institutions.	870,581	0.8976%
Insurance Companies	195,194	0.2013%
Modarabas and Mutual Funds	118,602	0.1223%
General Public		
a. Local	13,479,658	13.8988%
b. Foreign	0	0.0000%
Others (to be specified)		
Joint Stock Companies	25,400,259	26.1900%
Other Companies	46,783	0.0482%

STAKEHOLDERS INFORMATION

SIX YEARS AT GLANCE

	2010	2009	2008	2007	2006	2005
	(Rupees in thousands)					
Operating Results						
Sale	6,533,756	5,191,729	3,972,224	3,124,633	2,745,108	1,389,107
Gross profit	1,888,996	1,526,090	1,183,272	777,138	774,530	359,181
Profit before tax	1,278,004	993,285	807,801	475,618	558,404	292,921
Financial data						
Fixed assets	2,504,073	2,501,292	2,261,022	1,809,541	1,834,372	595,436
Capital work-in-progress	203,945	135,229	-	143,854	58,105	1,238,723
Negative goodwill	-	-	-	-	(22,345)	(40,152)
Long term investment/ Advances, and deposits	226,319	151,878	83,086	78,678	9,719	66,112
Current assets	2,791,451	2,187,798	2,336,500	1,943,407	1,561,090	1,048,580
Current liabilities	1,179,018	1,106,714	1,349,378	1,225,161	796,130	752,243
Assets employed	6,904,807	6,082,911	3,331,230	2,750,319	2,644,811	2,156,456
Financed by:						
Ordinary capital	969,847	881,679	839,694	799,709	639,767	302,082
Reserves	3,173,716	2,579,192	2,076,354	1,737,291	1,558,830	1,310,324
Shareholders equity	4,143,563	3,460,871	2,916,048	2,537,000	2,198,597	1,612,406
Finances and deposits	97,521	166,327	100,115	36,035	373,500	52,921
Deferred taxation	402,051	375,496	315,067	177,284	72,713	-
Funds invested	4,643,135	4,002,695	3,331,230	2,750,319	2,644,811	2,156,456
Earnings per share	9.77	7.35	6.11	4.79	6.07	6.30
Break-up-value	42.72	39.26	34.76	31.72	34.37	33.51
Dividend %						
- cash	25	30	20	20	30	25
-Bonus shares	10	10	05	05	25	05
Total	35	40	25	25	55	30

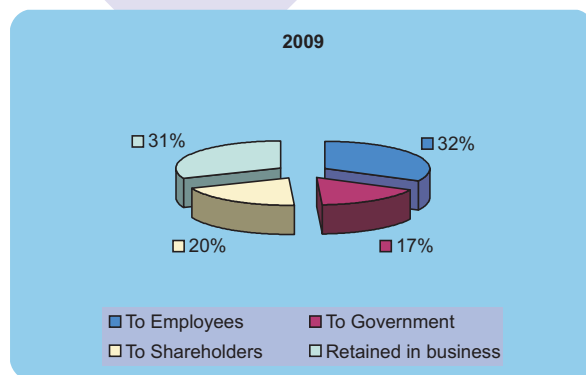
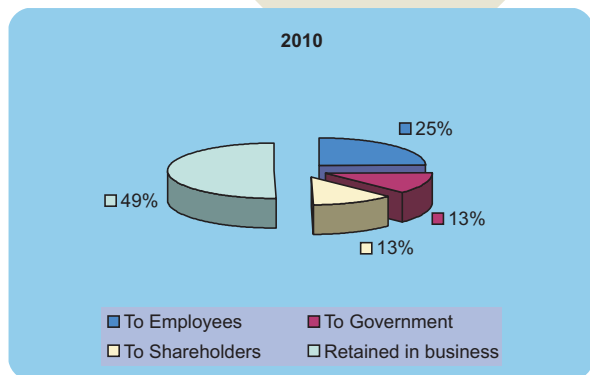
INVESTOR INFORMATION

SIX YEARS AT GLANCE

	2010	2009	2008	2007	2006	2005
Gross profit rate	29	29	30	25	28	26
Profit before tax rate	20	19	20	15	20	21
Inventory turnover ratio	7.36	6.55	6.13	5.67	4.04	2.90
Total assets turnover ratio	1.14	1.04	0.86	0.79	0.78	1.04
Fixed assets turnover ratio	2.23	1.86	1.78	1.60	1.45	2.68
Price earning ratio	5.83	7.05	18.49	15.87	13.51	12.06
Return on capital employed	28.11	25.65	18.48	15.86	22.06	23.80
Market value per share (at the end of year)	57	57	113	76	82	76
Debt:Equity ratio	1:42.5	1:18	1:5	1:4.6	1:8	1:4
Current ratio	2.37:1	1.98:1	1.73:1	1.59:1	1.96:1	1.4:1
Interest cover ratio	22.51	12.29	12.38	11.35	9.93	N/A

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2010	(Rupees in thousand)	2009
Value Addition			
Net sales	6,533,755		5,191,700
Material and services	(3,858,584)		(3,480,000)
Other income	37,281		78,900
	2,712,452		1,790,600
Value Distribution			
To Employees			
Salaries, wages and amenities	601,637		529,000
Workers profit participation fund	67,263		53,400
	668,900	25%	582,400 33%
To Government			
Tax	330,808		280,000
Workers welfare fund	11,293		20,300
	342,101	13%	300,300 17%
To Shareholders			
Cash dividend	242,465		265,000
Bonus shares	96,985		88,100
	339,450	13%	353,100 20%
Retained in business			
Depreciation	249,553		229,000
Retained profit	1,112,448		325,800
	1,362,001	50%	554,800 31%
	2,712,452		1,790,600



ANNUAL REPORT 2010

PRODUCT RANGE



BEVERAGE CONTAINERS - FLINT



BEVERAGE CONTAINERS - GREEN



FOOD CONTAINERS - FLINT



PHARMACEUTICAL CONTAINERS - AMBER



GHANI CLEAR



GHANI GREEN



GHANI REFLECTIVE



GHANI BROWN

TECHNICAL FACILITIES



GGL-I HATTAR
(CONTAINER GLASS
MANUFACTURING PLANT)

GGL-II LANDHI
(CONTAINER GLASS
MANUFACTURING PLANT)



GGL-III SHEIKHUPURA
(FLOAT GLASS
MANUFACTURING PLANT)

Promotional Activities



HH Sheikh Saud Bin Sakr Al Qasimi (D. Ruler & Crown Prince of Ras Al Khaimah) at International Customers Convention UAE



Ground Breaknig Ceremony of 500 TPD second float line at Sheikhpura



GGL's Stall at Iapex Karachi 2010



Karachi Dealers and Customers Convention - Beach Luxury Hotel



Annual Dealers Convention 2009 held at PC Lahore



GGL's Solidarity camp for Model Town bomb blast affectees

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of the Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages the representation of independent non-executive directors and the directors representing minority independent directors on its Board of Directors. At present the Board includes five non-executive directors.
2. The directors have confirmed that none of them is serving as director in more than ten listed companies, including this company.
3. Directors, CEO, CFO, Company Secretary and their spouse and minor children have not made transactions in the Company's shares during the year other than that disclosed in the pattern of shareholding.
4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. No casual vacancy occurred in the Board during the year.
6. Executive Directors of the Company are not in excess of 75% of total number of Directors.
7. The company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees up to the level of Manager of the company.
8. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
9. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
10. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
11. All the Directors on the Board are fully conversant with their duties and responsibilities as Director of corporate bodies. Some of the directors attended orientation courses.
12. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

13. The Directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
14. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
15. The company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has already formed an audit committee. It comprises of three members, two of them are non-executive directors.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the code. The terms of reference of the committee have been formulated and advised to the committee for compliance.
18. The Board has earlier set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and they are involved in the Internal Audit function of the company on a full time basis.
19. The related party transactions have been reviewed and approved by the Board of Directors and placed before the Audit Committee in accordance with the listing regulations of Stock Exchange.
20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. All other material principles contained in the Code have been complied with.

For and Behalf of the Board of Directors

Aftab Ahmad Khan
Director

Imtiaz Ahmad Khan
Chief Executive Officer

Lahore: September 20, 2010

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Ghani Glass Limited** (“the Company”) to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code. As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2010.

Lahore: September 20, 2010

(KPMG TASEER HADI & COMPANY)
CHARTERED ACCOUNTANTS
(BILAL ALI)

Auditors' Report to the Members

We have audited the annexed balance sheet of **Ghani Glass Limited** ("the Company") as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change referred to in note 2.5, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore: September 20, 2010

(KPMG TASEER HADI & COMPANY)
CHARTERED ACCOUNTANTS
(BILAL ALI)

Ghani Glass Limited
Balance Sheet
As at 30 June 2010

EQUITY AND LIABILITIES

CAPITAL AND RESERVES

Authorised share capital
142,500,000 (2009: 142,500,000) Ordinary shares
of Rs. 10 each

Issued, subscribed and paid up capital
Reserves

NON-CURRENT LIABILITIES

Ijara finances
Diminishing musharika
Security deposits
Deferred taxation

CURRENT LIABILITIES

Current portion of non current liabilities
Short term morabaha finances
Short term morabaha finances against Bill
Loan from sponsors
Trade and other payables
Provision for taxation
Markup accrued

Contingencies and commitments

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore:

	2010 Rupees	2009 Rupees	Note
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2,708,018,200	2,636,520,926	16
Investment in associate	60,118,298	90,220,317	17
Long term advance	146,962,846	43,279,598	18
Long term deposits	19,238,230	18,378,563	19
	<u>2,934,337,574</u>	<u>2,788,399,404</u>	
CURRENT ASSETS			
Current maturity of long term deposits	-	2,828,250	19
Stores, spares and other consumables	697,690,503	611,632,769	20
Stock in trade	888,199,679	792,308,879	21
Trade debtors	634,559,273	349,488,847	22
Advances, deposits and prepayments	417,714,018	387,271,034	23
Other receivables	16,451,888	9,785,689	24
Cash and bank balances	136,836,069	34,482,368	25
	<u>2,791,451,430</u>	<u>2,187,797,836</u>	
	<u>5,725,789,004</u>	<u>4,976,197,240</u>	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2,708,018,200	2,636,520,926	16
Investment in associate	60,118,298	90,220,317	17
Long term advance	146,962,846	43,279,598	18
Long term deposits	19,238,230	18,378,563	19
	<u>2,934,337,574</u>	<u>2,788,399,404</u>	
CURRENT ASSETS			
Current maturity of long term deposits	-	2,828,250	19
Stores, spares and other consumables	697,690,503	611,632,769	20
Stock in trade	888,199,679	792,308,879	21
Trade debtors	634,559,273	349,488,847	22
Advances, deposits and prepayments	417,714,018	387,271,034	23
Other receivables	16,451,888	9,785,689	24
Cash and bank balances	136,836,069	34,482,368	25
	<u>2,791,451,430</u>	<u>2,187,797,836</u>	
	<u>5,725,789,004</u>	<u>4,976,197,240</u>	
LIABILITIES			
NON-CURRENT LIABILITIES			
Ijara finances	-	18,625,545	6
Diminishing musharika	-	13,333,332	7
Security deposits	1,157,500	1,157,500	8
Deferred taxation	402,051,146	375,496,490	9
	<u>403,208,646</u>	<u>408,612,867</u>	
CURRENT LIABILITIES			
Current portion of non current liabilities	-	42,269,521	10
Short term morabaha finances	7,079,771	109,567,030	11
Short term morabaha finances against Bill	89,283,459	-	12
Loan from sponsors	-	12,896,000	13
Trade and other payables	1,012,530,018	794,478,207	14
Provision for taxation	67,978,436	142,818,776	
Markup accrued	2,145,971	4,684,126	
	<u>1,179,017,655</u>	<u>1,106,713,660</u>	
	<u>5,725,789,004</u>	<u>4,976,197,240</u>	
LIABILITIES			
NON-CURRENT LIABILITIES			
Ijara finances	-	18,625,545	6
Diminishing musharika	-	13,333,332	7
Security deposits	1,157,500	1,157,500	8
Deferred taxation	402,051,146	375,496,490	9
	<u>403,208,646</u>	<u>408,612,867</u>	
CURRENT LIABILITIES			
Current portion of non current liabilities	-	42,269,521	10
Short term morabaha finances	7,079,771	109,567,030	11
Short term morabaha finances against Bill	89,283,459	-	12
Loan from sponsors	-	12,896,000	13
Trade and other payables	1,012,530,018	794,478,207	14
Provision for taxation	67,978,436	142,818,776	
Markup accrued	2,145,971	4,684,126	
	<u>1,179,017,655</u>	<u>1,106,713,660</u>	
	<u>5,725,789,004</u>	<u>4,976,197,240</u>	
LIABILITIES			
NON-CURRENT LIABILITIES			
Ijara finances	-	18,625,545	6
Diminishing musharika	-	13,333,332	7
Security deposits	1,157,500	1,157,500	8
Deferred taxation	402,051,146	375,496,490	9
	<u>403,208,646</u>	<u>408,612,867</u>	
CURRENT LIABILITIES			
Current portion of non current liabilities	-	42,269,521	10
Short term morabaha finances	7,079,771	109,567,030	11
Short term morabaha finances against Bill	89,283,459	-	12
Loan from sponsors	-	12,896,000	13
Trade and other payables	1,012,530,018	794,478,207	14
Provision for taxation	67,978,436	142,818,776	
Markup accrued	2,145,971	4,684,126	
	<u>1,179,017,655</u>	<u>1,106,713,660</u>	
	<u>5,725,789,004</u>	<u>4,976,197,240</u>	
LIABILITIES			
NON-CURRENT LIABILITIES			
Ijara finances	-	18,625,545	6
Diminishing musharika	-	13,333,332	7
Security deposits	1,157,500	1,157,500	8
Deferred taxation	402,051,146	375,496,490	9
	<u>403,208,646</u>	<u>408,612,867</u>	
CURRENT LIABILITIES			
Current portion of non current liabilities	-	42,269,521	10
Short term morabaha finances	7,079,771	109,567,030	11
Short term morabaha finances against Bill	89,283,459	-	12
Loan from sponsors	-	12,896,000	13
Trade and other payables	1,012,530,018	794,478,207	14
Provision for taxation	67,978,436	142,818,776	
Markup accrued	2,145,971	4,684,126	
	<u>1,179,017,655</u>	<u>1,106,713,660</u>	
	<u>5,725,789,004</u>	<u>4,976,197,240</u>	

Director

Chief Executive

Ghani Glass Limited
 Profit and Loss Account
 For the year ended 30 June 2010

	Note	2010 Rupees	2009 Rupees
Sales - net	26	6,533,755,609	5,191,729,144
Cost of sales	27	(4,644,759,751)	(3,665,638,916)
Gross profit		1,888,995,858	1,526,090,228
General and administrative expenses	28	(187,079,813)	(151,917,298)
Selling and distribution expenses	29	(291,733,849)	(234,398,219)
Other operating expenses	30	(78,556,248)	(75,606,111)
Other operating income	31	37,280,501	78,873,515
		(520,089,409)	(383,048,113)
Operating profit		1,368,906,449	1,143,042,115
Finance cost	32	(60,800,696)	(93,097,740)
Share of loss of associate	17	(30,102,019)	(56,659,683)
Profit before taxation		1,278,003,734	993,284,692
Taxation	33	(330,808,134)	(280,523,480)
Profit after taxation		947,195,600	712,761,212
Earnings per share - Basic and diluted	34	9.77	7.35

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore:

 Chief Executive

 Director

Ghani Glass Limited
Cash Flow Statement
For the year ended 30 June 2010

	Note	2010 Rupees	2009 Rupees
Cash flows from operating activities			
Cash generated from operations	39	1,334,419,736	1,535,106,323
Finance cost paid		(63,338,851)	(107,830,284)
Income tax paid		(387,666,618)	(121,085,926)
		(451,005,469)	(228,916,210)
Net cash generated from operating activities		883,414,267	1,306,190,113
Cash flows from investing activities			
Fixed capital expenditure		(320,699,003)	(613,499,591)
Proceeds from sale of fixed assets		1,861,786	12,750,000
Investments		-	(140,288,000)
Long term deposits		1,968,583	(3,517,150)
Long term advances		(100,351,385)	42,405,626
Net cash used in investing activities		(417,220,019)	(702,149,115)
Cash flow from financing activities			
Loan from sponsor - net		(12,896,000)	(22,381,933)
Ijarah finances - net		(55,309,398)	(15,482,130)
Morabaha finances - net		(102,487,259)	(378,096,407)
Short term morabaha finances against		89,283,459	-
Diminishing musharika		(20,000,000)	20,000,000
Dividend paid		(262,431,349)	(160,466,480)
Security deposits		-	(57,264,769)
Net cash used in financing activities		(363,840,547)	(613,691,719)
Net increase/(decrease) in cash and cash equivalents		102,353,701	(9,650,721)
Cash and cash equivalents at the beginning of the year		34,482,368	44,133,089
Cash and cash equivalents at the end of the year	25	136,836,069	34,482,368

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore:

Chief Executive

Director

Ghani Glass Limited
 Statement of Comprehensive Income
 For the year ended 30 June 2010

	2010 Rupees	2009 Rupees
Profit for the year	947,195,600	712,761,212
Other comprehensive income	-	-
Total comprehensive income for the year	947,195,600	712,761,212

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore

 Chief Executive

 Director

Ghani Glass Limited
Statement of Changes in Equity
For the year ended 30 June 2010

	Share capital	Capital reserve		Revenue reserve	Total
		Merger reserve	Share premium	Uappropriated profit	
(----- Rupees -----)					
Balance as at 30 June 2008	839,694,000	427,419,290	75,000,000	1,573,935,011	2,916,048,301
Final cash dividend @ Rs. 2 per share for the year ended 30 June 2008	-	-	-	(167,938,800)	(167,938,800)
Bonus shares issued @ 5% for the year 2008	41,984,700	-	-	(41,984,700)	-
Total comprehensive income for the year	-	-	-	712,761,212	712,761,212
Balance as at 30 June 2009	881,678,700	427,419,290	75,000,000	2,076,772,723	3,460,870,713
Final cash dividend @ Rs. 3 per share for the year ended 30 June 2009	-	-	-	(264,503,610)	(264,503,610)
Bonus shares issued @ 10% for the year 2009	88,167,870	-	-	(88,167,870)	-
Total comprehensive income for the year	-	-	-	947,195,600	947,195,600
Balance as at 30 June 2010	969,846,570	427,419,290	75,000,000	2,671,296,843	4,143,562,703

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore:

Chief Executive

Director

Ghani Glass Limited

Notes to the draft financial statements

For the year ended 30 June 2010

1 Legal status and nature of business

Ghani Glass Limited ('the Company') was incorporated in Pakistan in 1992 as a limited liability company under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The registered office of the Company is located at 50 - L, Model Town Extension, Lahore. The Company is engaged in the business of manufacturing and sale of glass containers and float glass of different types.

2 Statement of compliance

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued under the Companies Ordinance, 1984 differ, the provision or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2010.

- Improvements to IFRSs 2009 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2009 – Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is not relevant to the Company's operations.
- Improvements to IFRSs 2009 – Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2009 – Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant impact on the Company's financial statements other than increase in disclosures.
- Improvements to IFRSs 2009 – Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life is normally classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of IAS 17, taking into account of the fact that the land normally has an indefinite economic life. The amendment is not relevant to the Company's operations.

- Improvements to IFRSs 2009 – Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Company's operations.
- Improvements to IFRSs 2009 – Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Company's financial statements.
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Company's operations.
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2.
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

2.3 The following standards, interpretations and amendments of approved accounting standards are not yet effective:

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Company's operations.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010). The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. The amendment is not relevant to the Company's operations.

2.4 Improvements to IFRSs 2010 (effective for annual periods beginning on or after 1 July 2010). The IASB amendments to various standards effective. Below is a summary of the amendments that are effective for either annual periods beginning on or after 1 July 2010 or annual periods beginning on or after 1 January 2011:

- Improvements to IFRSs 2010 – Amendments to IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 July 2010). The amendments clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2010 – Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. These amendments are unlikely to have an impact on the Company's financial statements.
- IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have an impact on the Company's financial statements other than increase in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2010 – IFRS 1 First-time Adoption of IFRSs (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that IAS 8 is not first IFRS financial statements; introduce guidance for entities that publish interim financial information under IAS 34 Interim Financial Reporting and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assets used in certain rate-regulated activities. The amendment is not relevant to the Company's operations.
- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2011) The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the Company.

- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.
- Improvements to IFRSs 2010 – IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.
- Improvements to IFRSs 2010 – IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2013). IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

2.5 Changes in accounting policies

The Company has applied Revised IAS 1 - Presentation of Financial Statements (2007) which became effective as on January 01, 2009. The Company has opted two statement approach to present its comprehensive income for the year ended 30 June 2010 and comparative period.

3 Significant accounting policies

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are re-measured at their fair values and foreign currency translations.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of polices and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are

	Note
- residual value and useful lives of depreciable assets	3.1
- provision for taxation	3.12
- provisions and contingencies	3.17

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss.

Depreciation on all property, plant and equipment is charged to income using "reducing balance method" so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 16.1.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in income or expense.

3.2 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.3 Ijarah finances

Ijara where the lessor has substantially transferred all the risks and rewards of ownership are classified as Ijara finance. At inception Ijara finances are capitalized at the lower of present value of minimum Ijara payments under the Ijara agreements and the fair value of the assets.

The rental obligation, net of finance costs, are included in liabilities against assets subject to Ijara finance as referred to in note 6. The liabilities are classified as current and long term depending upon the timing of the payment.

Each Ijara payment is allocated between the liability and the finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the Ijara term.

Assets acquired under a finance Ijara are depreciated over the useful life of the assets on reducing balance method at the rates given in note 16.1. Depreciation on Ijara assets is charged to profit and loss account.

Depreciation on additions to Ijara assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Depreciation method, residual value and useful lives of ijara assets are reviewed at least at each year end and adjusted if impact on depreciation is significant.

3.4 Investments

Investment in associate

Associates are all entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Company's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment.

Investments at fair value through profit and loss account

Investments that are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading.

Investments at fair value through profit or loss are initially recognized at cost, being the fair value of the consideration given. Transaction costs are charged to profit and loss. Subsequent to initial recognition these are recognized at fair value unless fair value can not be reliably measured. The investments for which quoted market price is not available are measured at cost. Any surplus or deficit on revaluation of investments is charged to income currently.

3.5 Stores, spares and other consumables

These are valued at lower of cost and net realizable value. Cost is determined at weighted average except items in transit which are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred to make the sale. Provision is made in the financial statements for obsolete and slow moving items of stores and spares based on management estimates, if any. Items considered obsolete are carried at nil value.

3.6 Stock-in-trade

These are valued at the lower of cost and net realizable value except for stock in transit, which are valued at cost comprising invoice value plus other charges paid.

Cost is determined as follows:

Raw and packing materials	At weighted average cost
Work-in-process	At weighted average cost and related manufacturing expenses
Finished goods	At weighted average cost and related manufacturing expenses

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred to make the sale. Provision is made in the financial statements for obsolete and slow moving items of stock-in-trade based on management estimates, if any.

3.7 Financial instruments

Financial assets

Significant financial assets include advances and receivables, long term deposits and cash and bank balances. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short and long term ijara finances, musharika and morahaba finances, trade and other payables and dividends payable. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

3.8 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand and with banks.

3.10 Impairment

The carrying amount of the assets except for inventories are reviewed at each balance sheet date to identify the circumstances indicating the occurrence of impairment loss or reversal of previously recognised impairment losses. If any such indication exists, the recoverable amount of such asset is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Where an impairment loss subsequently reverses, the carrying amount of such asset is increased to the extent that it does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss has been charged. A reversal of the impairment loss is recognized in income.

3.11 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

3.12 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exceptions, if any. The charge for the current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statements except in the case of items credited or charged to equity in which case it is included in equity.

3.13 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer i.e. on the dispatch of goods to the customer.

Dividend income is recognized when right to receive such dividend is established.

Technical fee is recognized on time proportionate basis.

3.14 Related party transactions

Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

3.15 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

3.16 Employees retirement benefit

Defined contribution plan

The Company operates funded contribution provident fund scheme for all its permanent and eligible employees. For the purpose of scheme, a separate Trust has been established. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33 percent of the gross salary.

3.17 Provision

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.18 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalised upto the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit in which they are incurred.

3.19 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

	Note	2010 Rupees	2009 Rupees
4 Issued, subscribed and paid up capital			
14,950,000 (2009: 14,950,000) Ordinary shares of Rs. 10 each fully paid in cash		149,500,000	149,500,000
45,792,522 (2009: 36,975,735) Ordinary shares of Rs. 10 each issued as fully paid bonus shares		457,925,220	369,757,350
36,242,135 (2009: 36,242,135) Ordinary shares of Rs. 10 each issued under the scheme of amalgamation	4.1	362,421,350	362,421,350
		969,846,570	881,678,700

4.1 In accordance with the scheme of amalgamation, the Company has issued 3,984,064 ordinary shares of Rs. 10 each to the shareholders of former Ka'as ul Musaffa Private Limited and 32,258,071 ordinary shares of Rs. 10 each to the shareholders of the former Ghani Float Glass Limited in accordance with the scheme of amalgamation.

	Number of shares	
	2010	2009
4.2 Reconciliation of ordinary shares		
Opening balance of ordinary shares of Rs. 10 each	88,167,870	83,969,400
Bonus shares issued during the year	8,816,787	4,198,470
Closing balance of ordinary shares of Rs. 10 each	96,984,657	88,167,870

4.3 19,396,931 (2009: 17,633,574) ordinary shares of the Company are held by SJC Pakistan LLC and 95,930 (2009: 87,209) ordinary shares of the Company are held by Jamia Tul Ghani Ul Islam, associated undertakings.

	Note	2010 Rupees	2009 Rupees
5 Reserves			
<i>Capital</i>			
Merger reserves	5.1	427,419,290	427,419,290
Share premium	5.2	75,000,000	75,000,000
		502,419,290	502,419,290
<i>Revenue</i>			
Unappropriated profit		2,671,296,843	2,076,772,723
		3,173,716,133	2,579,192,013

5.1 This represents the amount arising under the scheme of amalgamation of Ghani Float Glass Limited with the Company.

5.2 This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	Note	2010 Rupees	2009 Rupees
6 Ijara finances - secured			
Present value of minimum lease payments		-	54,228,398
Less: current portion shown under current liabilities	10	-	35,602,853
		-	18,625,545

	2010		
	Minimum ijara payments	Finance cost for future periods	Principal outstanding
	(----- Rupees -----)		
Not later than one year	-	-	-
Later than one year but not later than five years	-	-	-
	-	-	-

	2009		
	Minimum ijara payments	Finance cost for future periods	Principal outstanding
	(----- Rupees -----)		
Not later than one year	40,195,522	4,592,669	35,602,853
Later than one year but not later than five years	19,452,423	826,878	18,625,545
	<u>59,647,945</u>	<u>5,419,547</u>	<u>54,228,398</u>

Salient features of ijara financing are as follows:

	2010	2009
Discounting factor	12.90% to 15.90%	10.36% - 16.18%
Period of ijara financing	36 months	36 months
Security deposit	10%	10%

The Company has executed Ijara agreements with various financial institutions. The liabilities were repayable in a mix of monthly and quarterly installments. The markup rates were used as discounting factors to determine present value of minimum lease payments, These were secured against title of fixed assets under Ijara financing and personal guarantees of the directors of the Company. The Company has repaid its all Ijara financing during the year.

7 Diminishing Musharika

Diminishing musharika
Less: current portion

Note

10

	2010 Rupees	2009 Rupees
	-	20,000,000
	-	6,666,668
	<u>-</u>	<u>13,333,332</u>

These have been repaid during the year.

8 Security deposits

These are the interest free security deposits obtained from transport contractors and are being utilized in accordance with the terms of agreement.

9 Deferred taxation

Deferred tax liability comprises of the following:

	2010 Rupees	2009 Rupees
Deferred tax liability arising in respect of tax depreciation allowances	413,127,141	315,389,745
Deferred tax asset arising on provision for doubtful debts	(2,210,359)	(2,210,359)
Deferred tax liability arising on ijara assets	-	67,983,072
Others	(8,865,636)	(5,665,968)
	<u>402,051,146</u>	<u>375,496,490</u>

10 Current portion of non current liabilities

Ijara finances	6	-	35,602,853
Diminishing musharika	7	-	6,666,668
		<u>-</u>	<u>42,269,521</u>

11 Short term morabaha financing - secured

Secured	Mark-up rate	2010 Rupees	2009 Rupees
I Albaraka Bank Limited	Respective period KIBOR plus 2.5%	-	6,184,912
II Habib Metropolitan Bank Limited	Respective period KIBOR plus 0.5% to 2.5% with a floor of 10.50%	-	32,004,850
III MCB Bank Limited	One year KIBOR plus 0.4% to 1.15%	-	54,691,268
IV Soneri Bank Limited	Six month KIBOR plus 0.75%	7,079,771	16,686,000
		7,079,771	109,567,030

11.1 Total Morabaha finance facilities available amount to Rs. 1,345 million (2009: Rs. 1,320 million). Morabaha availed from Soneri Bank Limited is secured against first pari passu charge over all present and future current assets, stocks, book debts and fixed assets of the Company.

12 Short term morabaha finances bills

Secured	Mark-up rate	2010 Rupees	2009 Rupees
I Habib Metropolitan Bank Limited	Respective period KIBOR plus 1.5% to 5.9% with a floor of 10.50%	89,283,459	-
		89,283,459	-

12.1 Morabaha availed from the Habib Metropolitan Bank Limited is secured against local documents bill collection (LDBC).

13 Loan from sponsors

The Company has repaid its interest free loan from sponsors during the year.

Note

14 Trade and other payables

		2010 Rupees	2009 Rupees
Creditors for goods and services	14.1	526,913,047	448,330,796
Advances from customers		168,412,973	86,930,768
Accrued expenses		126,288,611	121,458,729
Income tax deducted at source		12,482,827	5,675,221
Security deposits	14.2	400,500	400,500
Retention money		3,719,005	3,719,005
Workers' profit participation fund	14.3	66,467,806	51,194,295
Workers' welfare fund		22,507,894	31,080,694
Sales tax payable		58,531,854	34,015,785
Unclaimed dividend		12,497,313	10,425,052
Provident fund payable		14,308,188	1,247,362
		1,012,530,018	794,478,207

- 14.1** Creditors include an amount of Rs. Nil (2009: Rs. 2.56 million) payable to Ghani Value Glass Ltd. a related Party.
- 14.2** These are the interest free security deposits obtained from various contractors and are being utilized in accordance with the terms of agreement.

	2010 Rupees	2009 Rupees
14.3 Workers' profit participation fund		
Opening balance	51,194,295	30,510,759
Provision for the year	67,263,354	53,345,043
Less: Payments made during the year	(51,989,843)	(32,661,507)
	15,273,511	20,683,536
Closing balance	<u>66,467,806</u>	<u>51,194,295</u>

15 Contingencies and commitments

Contingencies

The appeal filed by the Company before CIT (A) against the assessment order passed by the taxation officer for the Tax year 2006 regarding additional tax demand of Rs. 93,925,504 has been decided in favour of the Company, however the department has filed appeal against the order of CIT (A) in Income Tax Appellant Tribunal, and proceedings are pending for adjudication.

The department has opened reassessment proceedings regarding Tax year 2008, and has raised additional tax demand of Rs. 305,013,625. However, the Company has filed appeal before CIT (A), and proceedings are pending for adjudication.

The assessment proceedings for Tax year 2009 has been finalized

No provision has been recorded in these financial statements against the said proceedings as based on legal opinion of the tax advisor, the management expects favorable outcome.

Commitments

- 15.1** Aggregate amount of bank guarantees issued by banks outstanding as at balance sheet date amounted to Rs. 317 million (2009: Rs. 205.950 million).
- 15.2** Letters of credit for import of materials and stores outstanding as at balance sheet date amounted to Rs. 262.78 million (2009: Rs. 160.050 million).

16 Property, plant and equipment

Note	2010		2009		2010		2009		Rate %	For the year	Depreciation		Net book value as at 30 June 2010
	Rupees	Rupees	Rupees	Rupees	As at 1 July 2009	As at 30 June 2010	Transfers/ adjustments	On disposals			As at 30 June 2010		
Operating assets													
Capital work in progress	16.1	2,504,072,892	2,501,292,267										
	16.4	203,945,308	135,228,659										
		<u>2,708,018,200</u>	<u>2,636,520,926</u>										
16.1 Operating assets													
		Cost		Disposals during the year		Rate %		Depreciation		Net book value as at 30 June 2010			
		As at 1 July 2009	Additions during the year	Transfers/ adjustments	during the year	As at 30 June 2010	As at 1 July 2009	For the year	Transfers/ adjustments	On disposals	As at 30 June 2010	As at 30 June 2010	
		(---)	(---)	(---)	(---)	(---)	(---)	(---)	(---)	(---)	(---)	(---)	
Owned													
Freehold land		106,788,134	-	-	-	106,788,134	-	-	-	-	-	106,788,134	
Building on freehold land		323,156,772	28,469,234	-	-	351,626,006	-	-	-	-	-	193,096,703	
Plant and machinery		1,948,380,034	212,708,713	318,577,918	-	2,479,666,665	605,834,231	136,048,763	124,843,025	-	866,726,019	1,612,940,646	
Furnace		752,374,297	1,671,000	33,628,390	-	787,673,687	211,778,183	54,198,861	6,764,123	-	272,741,167	514,932,520	
Tools and office equipment		13,605,850	1,482,297	-	-	15,088,147	4,466,624	965,442	-	-	5,432,066	9,656,081	
Electrical equipment		7,304,282	-	-	-	7,304,282	3,796,128	350,815	-	-	4,146,943	3,157,339	
Furniture and fixtures		10,635,629	684,187	-	-	11,319,816	3,862,051	723,055	-	-	4,585,106	6,734,710	
Vehicles		59,563,730	6,966,923	50,620,415	(3,214,200)	113,936,868	27,380,162	7,117,552	25,156,851	(2,484,456)	57,170,109	56,766,759	
		3,221,808,728	251,982,354	402,826,723	(3,214,200)	3,873,403,605	996,307,532	218,743,638	156,763,999	(2,484,456)	1,369,330,713	2,504,072,892	
Ijarah													
Plant and machinery		318,577,918	-	(318,577,918)	-	-	103,316,926	21,526,099	(124,843,025)	-	-	-	
Furnace		33,628,390	-	(33,628,390)	-	-	3,779,204	2,984,919	(6,764,123)	-	-	-	
Vehicles		49,539,415	1,081,000	(50,620,415)	-	-	18,858,522	6,298,329	(25,156,851)	-	-	-	
		401,745,723	1,081,000	(402,826,723)	-	-	125,954,652	30,809,347	(156,763,999)	-	-	-	
2010		3,623,554,451	253,063,354	(402,826,723)	(3,214,200)	3,873,403,605	1,122,262,184	249,552,985	(156,763,999)	(2,484,456)	1,369,330,713	2,504,072,892	

	Cost			Depreciation			Net book value as at 30 June 2009					
	As at 1 July 2008	Additions during the year	Transfers/ adjustments	Disposals during the year	As at 30 June 2009	Rate %		As at 1 July 2008	Transfers/ adjustments	For the year	On disposals	As at 30 June 2009
	Rupees			Rupees				Rupees				
	%			%				%				
Owned												
Freehold land	97,171,528	9,616,606	-	-	106,788,134	-	-	-	-	-	-	106,788,134
Building on freehold land	314,685,081	8,471,691	-	-	323,156,772	10	119,196,142	-	19,994,011	-	-	139,190,153
Plant and machinery	1,764,516,272	190,838,762	-	(6,975,000)	1,948,380,034	10	475,709,585	-	130,698,146	(573,500)	-	605,834,231
Furnace	519,765,315	232,608,982	-	-	752,374,297	10	173,311,310	-	38,466,873	-	-	211,778,183
Tools and office equipment	11,709,851	1,895,999	-	-	13,605,850	10	3,549,543	-	917,081	-	-	4,466,624
Electrical equipment	7,304,282	-	-	-	7,304,282	10	3,406,333	-	389,795	-	-	3,796,128
Furniture and fixtures	9,308,789	1,326,840	-	-	10,635,629	10	3,225,053	-	636,998	-	-	3,862,051
Vehicles	49,523,757	16,323,052	-	(6,283,079)	59,563,730	20	26,939,853	-	5,113,393	(4,673,084)	-	27,380,162
	2,773,984,875	461,081,932	-	(13,258,079)	3,221,808,728		805,337,819	-	196,216,297	(5,246,584)	-	996,307,532
Ijarah												
Plant and machinery	304,095,918	14,482,000	-	-	318,577,918	10	80,361,306	-	22,955,620	-	-	103,316,926
Furnace	33,628,390	-	-	-	33,628,390	10	462,628	-	3,316,576	-	-	3,779,204
Vehicles	46,832,415	2,707,000	-	-	49,539,415	20	11,357,486	-	7,501,036	-	-	18,858,522
	384,556,723	17,189,000	-	-	401,745,723		92,181,420	-	33,773,232	-	-	125,954,652
2009	3,158,541,598	478,270,932	-	(13,258,079)	3,623,554,451		897,519,239	-	229,989,529	(5,246,584)	-	1,122,262,184
												2,501,292,267

	Note	2010 Rupees	2009 Rupees
16.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	27	230,636,869	212,556,323
General and administrative expenses	28	16,894,737	15,570,291
Selling and distribution expenses	29	2,021,379	1,862,915
		249,552,985	229,989,529

16.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
Vehicles							
Honda Civic LRE - 3249	1,282,200	1,044,097	238,103	640,000	401,897	Negotiation	Mr. Khalid Ahmad
Suzuki Cultus LRK - 1649	609,000	498,429	110,571	415,000	304,429	Negotiation	Mr. Abbas Hussain
Suzuki Mehran	345,000	190,525	154,475	230,000	75,525	Negotiation	Mr. Mazhar Farid
Honda Civic AFJ - 049	978,000	751,405	226,595	576,786	350,191	Negotiation	Mr. Muhammad Ajmal
2010	3,214,200	2,484,456	729,744	1,861,786	1,132,042		
Plant & Machinery							
Diesel Generator	6,975,000	573,500	6,401,500	9,500,000	3,098,500	Negotiation	Alhamd International
Vehicles							
Suzuki Khyber	459,600	369,930	89,670	135,000	45,330	Negotiation	Mr. Raheel Farooq Khan
Kia Spectra	786,500	482,655	303,845	335,000	31,155	Negotiation	Mr. Imran Ali
Honda Civic	656,200	475,799	180,401	490,000	309,599	Negotiation	Mr. Naseer Ahmed
Honda Civic	875,000	603,726	271,274	440,000	168,726	Negotiation	Mr. Mahmood Ali Siddiqui
Suzuki Margalla	403,175	361,428	41,747	175,000	133,253	Negotiation	Mr. Nauman Shaukat
Toyota Corolla	505,104	379,937	125,167	440,000	314,833	Negotiation	Mr. Ali Shan
Honda City	637,000	558,926	78,074	355,000	276,926	Negotiation	Mr. Fida Hussain
Toyota Corolla	930,000	575,112	354,888	450,000	95,112	Negotiation	Mr. M. Shahid
Honda Civic	1,030,500	865,571	164,929	430,000	265,071	Negotiation	Mr. Izhar Mian
	6,283,079	4,673,084	1,609,995	3,250,000	1,640,005		
2009	13,258,079	5,246,584	8,011,495	12,750,000	4,738,505		

	Note	2010 Rupees	2009 Rupees
16.4 Capital work in progress			
Plant & machinery		-	4,426,272
Civil works		15,838,453	323,494
Stores held for capital expenditure		188,106,855	130,478,893
		203,945,308	135,228,659

	<i>Note</i>	2010 Rupees	2009 Rupees
17 Investment in associate			
Rak Ghani Glass LLC			
6800 (2009: 6800) fully paid ordinary shares of AED 1,000 each	17.1	<u>60,118,298</u>	<u>90,220,317</u>
17.1 Movement in equity instruments of associated company is as follows:			
Balance as at 01 July		90,220,317	6,592,000
Purchase of equity investment		-	140,288,000
		<u>90,220,317</u>	<u>146,880,000</u>
Share of losses		<u>(30,102,019)</u>	<u>(56,659,683)</u>
Balance as at 30 June		<u>60,118,298</u>	<u>90,220,317</u>

The Company's share of the result of its associated company, which are unlisted and incorporated in UAE, and its share of the assets, liabilities and revenue is as follows:

Percentage interest held	Rupees			
	Assets	Liabilities	Revenue	Loss
25.00%	2,769,319,635	1,459,204,554	521,220,475	30,102,019

18 Long term advance

This represents the advance given to Rak Ghani Glass LLC, UAE ("the Associate") for purchase of shares.

	<i>Note</i>	2010 Rupees	2009 Rupees
19 Long term deposits			
Ijara finances	19.1	-	9,933,082
Others	19.2	<u>19,238,230</u>	<u>11,273,731</u>
		<u>19,238,230</u>	<u>21,206,813</u>
Less: Current maturity		-	2,828,250
		<u>19,238,230</u>	<u>18,378,563</u>

19.1 These represent interest free security deposits for Ijara finances and has been adjusted against the respective ijara facilities during the year.

19.2 These represent interest free security deposits to different entities.

	2010 Rupees	2009 Rupees
20 Stores, spares and other consumables		
Stores and spares [in transit Rs 148.90 million (2009: Rs 159.30 million)]	606,416,514	550,497,784
Fuel and lubricants	91,273,989	61,134,985
	<u>697,690,503</u>	<u>611,632,769</u>
21 Stock in trade		
Raw material [in transit Rs. 55.78 million (2009: Nil)]	449,834,939	330,736,910
Packing materials [in transit Rs. 5.07 million (2009: Nil)]	81,436,561	50,745,818
Work in process	48,003,686	56,695,560
Finished goods	308,924,493	354,130,591
	<u>888,199,679</u>	<u>792,308,879</u>
22 Trade debtors		
Local - unsecured		
Considered good	619,348,544	315,114,485
Considered doubtful	7,203,749	7,203,749
	<u>626,552,293</u>	<u>322,318,234</u>
Less: Provision for doubtful debts	(7,203,749)	(7,203,749)
	<u>619,348,544</u>	<u>315,114,485</u>
Foreign - secured, considered good	15,210,729	34,374,362
	<u>634,559,273</u>	<u>349,488,847</u>
22.1 Debtor include an amount of Rupees 8.197 m(2009 Rs. Nill)		
Receivable from RAK Ghani Glass LLC - a related party		
23 Advances, deposits and prepayments		
Advances		
Employees - unsecured but considered good	56,749,782	55,759,321
Suppliers of goods and services - unsecured	356,014,465	328,483,810
Due from related parties	2,984,295	1,836,186
Other receivable	1,965,476	-
Freight subsidy receivable	-	1,191,717
	<u>417,714,018</u>	<u>387,271,034</u>
23.1 Due from related parties		
Ahmad Brothers	1,466,277	815,820
Ghani Automobile Industries Limited	1,259,838	1,020,366
Ghani Value Glass Limited	258,180	-
	<u>2,984,295</u>	<u>1,836,186</u>

Note

23.1

These amounts are in the normal course of business and are interest free.

	Note	2010 Rupees	2009 Rupees
24 Other receivables			
Receivable from RAK Ghani Glass LLC	24.1	<u>16,451,888</u>	<u>9,785,689</u>
<p>24.1 This represents expenses incurred by the Company on behalf of Rak Ghani Glass LLC, UAE.</p>			
	Note	2010 Rupees	2009 Rupees
25 Cash and bank balances			
Cash in hand		919,213	3,960,623
Cash at bank			
- Current accounts		<u>126,528,677</u>	<u>30,521,745</u>
- Saving account	25.1	<u>9,388,179</u>	-
		<u>135,916,856</u>	<u>30,521,745</u>
		<u>136,836,069</u>	<u>34,482,368</u>
<p>25.1 The balances in saving account bear mark-up at the rate of 8% to 11.75% per annum (2009: Nill per annum).</p>			
		2010 Rupees	2009 Rupees
26 Sales - net			
Local sales		6,879,146,948	5,449,102,870
Export sales		801,446,420	699,868,786
		<u>7,680,593,368</u>	<u>6,148,971,656</u>
Less: Discount		<u>(49,188,788)</u>	<u>(71,631,828)</u>
Sales tax and special excise duty		<u>(1,017,927,014)</u>	<u>(808,337,612)</u>
Commission on sales		<u>(79,721,957)</u>	<u>(77,273,072)</u>
		<u>(1,146,837,759)</u>	<u>(957,242,512)</u>
		<u>6,533,755,609</u>	<u>5,191,729,144</u>

		2010 Rupees	2009 Rupees
27 Cost of sales			
Raw material consumed	27.1	1,535,082,048	1,477,661,474
Fuel, gas and electricity		1,767,380,736	1,176,487,090
Packing expenses		382,947,604	277,126,675
Stores and spares consumed		173,173,937	152,028,854
Salaries, allowances and other benefits	27.2	453,332,968	410,894,302
Depreciation	16.2	230,636,869	212,556,323
Rent, rates and taxes		1,261,953	5,726,003
Repair and maintenance		8,207,741	4,844,143
Travelling and motor running		16,269,947	13,621,837
Communication and stationery		4,275,205	3,971,405
Other manufacturing expenses		18,292,771	17,236,982
		<u>4,590,861,779</u>	<u>3,752,155,088</u>
Work in process			
Opening balance		56,695,560	43,173,361
Closing balance		(48,003,686)	(56,695,560)
		8,691,874	(13,522,199)
		<u>4,599,553,653</u>	<u>3,738,632,889</u>
Finished goods			
Opening balance		354,130,591	281,136,618
Closing balance		(308,924,493)	(354,130,591)
		45,206,098	(72,993,973)
		<u>4,644,759,751</u>	<u>3,665,638,916</u>
27.1 Raw materials consumed			
Opening balance		330,736,910	276,314,186
Purchases		1,598,404,744	1,532,084,198
Closing balance		(394,059,606)	(330,736,910)
		<u>1,535,082,048</u>	<u>1,477,661,474</u>

27.2 Salaries, allowances and other benefits include Rs. 13.70 million (2009: Rs. 10.16 million) in respect of retirement benefits.

	<i>Note</i>	2010 Rupees	2009 Rupees
28 Administration and other expenses			
Salaries, allowances and other benefits	28.1	95,737,635	73,160,537
Communication, stationery and supplies		10,452,778	10,233,016
Utilities		3,038,596	1,361,533
Rent, rates and taxes		4,765,480	3,798,000
Travelling and conveyance		19,174,141	18,963,010
Auditors' remuneration	28.2	1,150,000	945,000
Depreciation	16.2	16,894,737	15,570,291
Legal and professional expenses		13,916,583	5,916,661
Charity and donation	28.3	4,073,610	7,231,200
Other expenses		17,876,253	14,738,050
		<u>187,079,813</u>	<u>151,917,298</u>

28.1 Salaries, allowances and other benefits include Rs. 3.12 million (2009: Rs. 2.80 million) in respect of retirement benefits.

28.2 Auditors' remuneration

	2010 Rupees	2009 Rupees
Statutory audit fee	1,000,000	780,000
Half yearly review	125,000	125,000
Out of pocket expenses	25,000	40,000
	<u>1,150,000</u>	<u>945,000</u>

28.3 None of the directors and their spouses had any interest in any of the donees during the year.

	<i>Note</i>	2010 Rupees	2009 Rupees
29 Selling and distribution expenses			
Salaries, allowances and other benefits	29.1	52,566,332	44,555,181
Communication, stationery and supplies		4,051,183	4,732,739
Utilities		480,284	406,429
Rent, rates and taxes		1,436,460	1,082,450
Travelling and conveyance		8,548,658	5,958,114
Advertisement and sale promotion		76,681,406	37,400,532
Depreciation	16.2	2,021,379	1,862,915
Provision for bad debts		-	5,976,357
Transportation and handling		144,809,723	131,056,641
Other expenses		1,138,424	1,366,861
		291,733,849	234,398,219
29.1 Salaries, allowances and other benefits include Rs 2.49 million (2009: Rs. 1.92 million) in respect of retirement benefits.			
	<i>Note</i>	2010 Rupees	2009 Rupees
30 Other operating expenses			
Workers' profit participation fund	14.3	67,263,354	53,345,043
Workers' welfare fund		11,292,894	20,271,116
Loss on sale of investment		-	1,989,952
Exchange loss		-	-
		78,556,248	75,606,111
31 Other operating income			
Income from financial assets			
Gain on sale of investment		400,670	-
Profit on savings account		1,438,017	193,431
Exchange gain		3,257,965	26,357,224
		5,096,652	26,550,655
Income from non-financial assets			
Gain on sale of fixed assets		1,132,042	4,738,505
Breakage recovery from packing contractor		4,213,901	2,775,904
Scrap sales		26,837,906	44,808,451
		32,183,849	52,322,860
		37,280,501	78,873,515

	2010 Rupees	2009 Rupees
32 Finance cost		
Profit on Ijara finances	3,221,892	7,707,734
Profit on diminishing musharika	2,178,607	3,101,912
Profit on short term morabaha finances	42,189,950	73,338,329
Bank charges	13,210,247	8,949,765
	<u>60,800,696</u>	<u>93,097,740</u>
33 Taxation		
Income tax		
Current year	329,267,801	248,100,016
Prior year	(25,014,323)	(28,006,493)
	<u>304,253,478</u>	<u>220,093,523</u>
Deferred tax	26,554,656	60,429,957
	<u>330,808,134</u>	<u>280,523,480</u>
33.1	The current year's provision for taxation represents tax chargeable under normal and final tax regime.	
33.2 Tax charge reconciliation		
	Numerical reconciliation between the average effective tax rate and the applicable tax rate.	
	2010 %	2009 %
Applicable tax rate	35.00	35.00
Tax effect on separate block of income (taxable at reduced rate)	(7.30)	(4.75)
Tax effect of permanent differences	0.13	0.81
Tax effect of prior years provisions / reversals	(1.95)	(2.82)
	<u>25.88</u>	<u>28.24</u>
34 Earnings per share - basic and diluted	2010	2009 Restated
Basic		
Profit after taxation	<i>Rupees</i> 947,195,600	712,761,212
Weighted average number of ordinary shares	<i>Number of shares</i> 96,984,657	96,984,657
Earnings per share	<i>Rupees</i> 9.77	7.35
Diluted		

There is no dilution in earnings per share as the Company has no such commitments.

35 Remuneration of Directors, Chief executive and Executives

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits to the chief executive, directors and executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	11,343,600	9,453,000	36,713,520	30,594,600	40,777,200	40,328,486
Bonus	3,970,260	3,308,550	12,848,136	7,981,200	8,224,527	5,570,087
Medical expenses	70,893	156,655	500,655	1,021,846	1,388,008	625,058
Retirement benefits	945,300	787,750	3,059,460	2,549,550	3,398,096	3,360,707
House rent	2,304,000	1,920,000	6,654,000	5,760,000	-	-
	18,634,053	15,625,955	59,775,771	47,907,196	53,787,831	49,884,338
Number of persons	1	1	4	5	54	42

35.1 The chief executive, certain directors and executives are provided with free use of the Company maintained cars and mobile phones for official use as well as medical facility.

35.2 The aggregate amount charged in the financial statements in respect of remuneration to key management personnel is Rs. 132.197 million (2009: Rs. 113.417 million) out of which Rs. 7.403 million (2009: Rs 6.698 million) relates to retirement benefits.

36 Transactions with related parties

The related parties comprise of associated undertakings, staff retirement funds, directors and key management personnel. Amounts pertaining to related parties are disclosed in note 14 and 23 and remuneration to key management personnel are disclosed in note 35.

Related party	Relationship	Basis of relationship	Nature of transactions	2010 Rupees	2009 Rupees
Ahmad Brothers and Company	Associated undertaking	Partners of firm are directors in the Company	Commercial purchases	13,020,249	14,457,422
Ghani Automobile Industries Limited	-do-	Common directorship	Reimbursement of utility expenses	239,471	2,339,315
Ghani Value Glass Limited	-do-	Common directorship	Sales Other expenses	232,375,885 258,280	192,147,977
Rak Ghani Glass LLC	-do-	Common directorship	Sales Other expenses	8,196,849 6,701,549	11,887,611
				-	-

The Company has exposure to the following risks from its use of financial instruments.:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyse the risks faced by the Company's, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

37.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans to/due from related parties. Out of the total financial assets of Rs. 810.07 million (2009: Rs.408.06 million) financial assets which are subject to credit risk amount to Rs. 809.15 million (2009: Rs. 404.09 million).

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a maximum credit period of 60 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2010	2009
	Rupees	Rupees
Long term deposits	19,238,230	11,273,731
Trade debts	634,559,273	349,488,847
Advances, deposits and prepayments	2,984,295	3,027,903
Other receivables	16,451,888	9,785,689
Cash and bank balances	135,916,856	30,521,745
	<u>809,150,542</u>	<u>404,097,915</u>

The trade debts as at the balance sheet date are classified as follows:

	2010
	Rupees
Foreign	15,210,729
Domestic	619,348,544
	<u>634,559,273</u>

The aging of trade receivables at the reporting date is:

Not past due	587,591,746
Past due 30 days	20,085,611
Past due 60 days	14,199,456
Past due 90 days	12,594,611
Past due 180 days	87,849
Past due above one year	-
	634,559,273

Based on past experience the management believes that no impairment allowance is necessary except for the allowance provided in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Total
Ijarah finances	-	-	-	-
Diminishing musharika	-	-	-	-
Short term morabaha finances	7,079,771	-	-	7,079,771
Short term morabaha finances against LDBC	89,283,459	-	-	89,283,459
Loan from sponsors	-	-	-	-
Trade and other payables	696,609,491	-	-	696,609,491
Markup accrued	2,145,971	-	-	2,145,971
2009-2010	795,118,692	-	-	795,118,692
	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Total
Ijarah finances	17,801,427	17,801,427	18,625,545	54,228,399
Diminishing musharika	3,333,334	3,333,334	13,333,332	20,000,000
Short term morabaha finances	109,567,030	-	-	109,567,030
Loan from sponsors	12,896,000	-	-	12,896,000
Trade and other payables	591,106,665	-	-	591,106,665
Markup accrued	4,684,126	-	-	4,684,126
2008-2009	739,388,582	21,134,761	31,958,877	792,482,220

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

37.4 Currency risk

The Company is exposed to currency risk on foreign trade debts that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD). The Company believes that it is not exposed to material currency risks.

37.5 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2010	2009	2010	2009
	Effective rate (in Percentage)		Carrying amount (Rupees in 000)	
Ijarah finances	-	10.36 to 16.18	-	54,228,399
Diminishing musharika	-	13.75 to 17	-	20,000,000
Short term morabaha finances	13.36 to 14.56	13.36 to 14.56	7,079,771	109,567,030
Short term morabaha finances against	13.83 to 18.23		89,283,459	-

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	100 bps	
	Increase	Decrease
	Rupees	
Effect on profit - 30 June 2010	(963,632)	963,632
Effect on profit - 30 June 2009	(1,837,954)	1,837,954

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

37.6 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to any material price risk.

37.7 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

37.8 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, arrange new lines of credit or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2010 and at 30 June 2009 were as follows:

	2010 Rupees	2009 Rupees
Total debt	96,363,230	196,691,428
Total equity and debt	4,150,642,474	3,657,562,141
Debt-to-equity ratio %age	2%	5%

The decrease in the debt-to-equity ratio in 2010 resulted primarily from the reduction in borrowings during the year. This is due to the reason that the Company's management is trying to maintain the minimum borrowings level and to keep the Company borrowing free.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

38 OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment.

38.1 Sales from float glass, food and beverages products and pharmaceutical products represent 49.25%, 20.86% and 29.89% (2009: 51.06%, 19.58% and 29.36%) of total revenue of the company respectively.

38.2 The sales percentage by geographic region is as follows:

	2010 %	2009 %
Pakistan	89.6	88.6
Afghanistan	3.4	4.2
Philippines	2.7	3.9
India	1.4	1.8
Others	2.9	1.5
	<u>100</u>	<u>100</u>

38.3 All non-current assets of the Company as at 30 June 2010 are located in Pakistan.

39 Cash generated from operations

	2010 Rupees	2009 Rupees
Profit before taxation	1,278,003,734	993,284,692
Adjustments for non cash and other items:		
Depreciation	249,552,985	229,989,529
Finance cost	60,800,696	93,097,740
Provision for doubtful trade debts	-	5,976,357
Exchange gain	(3,257,965)	(26,357,224)
Share of loss of associate	30,102,019	56,659,683
Gain on sale of property, plant and equipment	(1,132,042)	(4,738,505)
	<u>336,065,693</u>	<u>354,627,580</u>
Operating profit before working capital changes	1,614,069,427	1,347,912,272
(Increase)/decrease in operating activities		
Store, spares loose tools and other consumable	(86,057,734)	155,827,517
Stock in trade	(95,890,800)	(134,188,097)
Trade debtors	(285,144,324)	71,844,354
Advances, deposits and prepayments	(30,442,984)	(21,464,941)
Other receivables	(6,666,199)	63,360,740
Trade and other payables	224,552,350	51,814,478
	<u>(279,649,691)</u>	<u>187,194,051</u>
Cash generated from operations	1,334,419,736	1,535,106,323

40 Plant capacity and annual production

The production capacity and the actual packed production achieved during the year are as follows:

	Production capacity (Tons)		Actual production (Tons)	
	2010	2009	2010	2009
Float glass	127,750	127,750	109,355	106,089
Hollow glass	142,715	133,315	122,609	98,077
	<u>270,465</u>	<u>261,065</u>	<u>231,964</u>	<u>204,166</u>

41 Date of authorization for issue

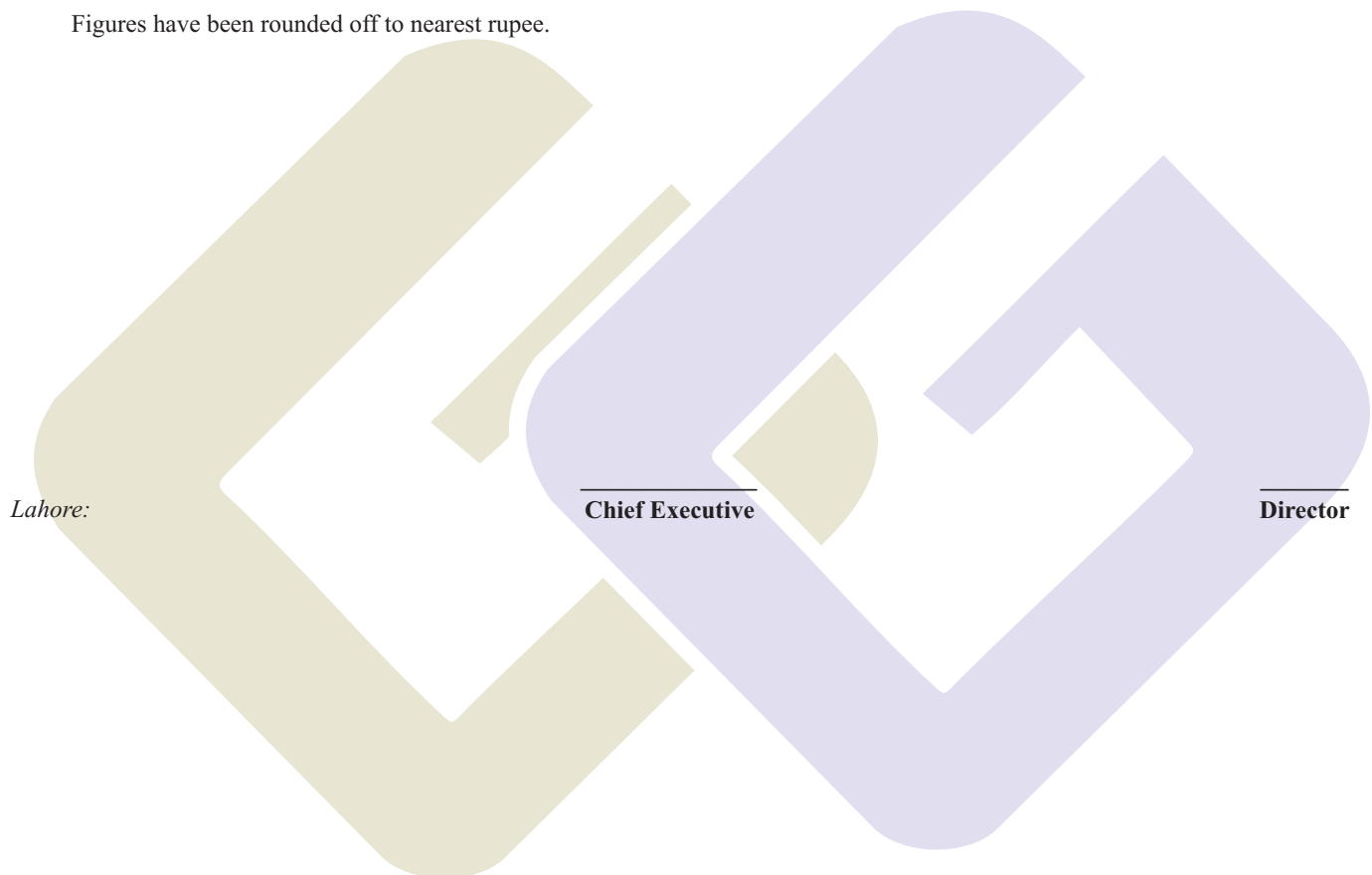
The financial statements were approved and authorized for issue on 20-09-2010 by the board of directors of the Company.

42 Subsequent event

The Board of Directors has proposed a final dividend of Rs 2.5 per share (2009: Rs. 3 per share) amounting to Rs 242.46 million (2009: 264.50 million) and issuance of bonus share @ 10% (2009: 10%) for the year ended 30 June 2010 at their meeting held on 20-09-2010 for approval of the members at the Annual General Meeting to be held on 20 October 2010. These financial statements do not reflect these appropriations.

43 General

Figures have been rounded off to nearest rupee.



GHANI GLASS LIMITED
40-L, Model Town, Lahore

FORM OF PROXY

Folio No. _____

No. of Shares _____

I/WE _____

of _____

Being a member of GHANI GLASS LIMITED _____

Hereby appoint Mr. _____

of _____

failing him Mr. _____ of _____

(Being a member of the company) as my/our proxy to attend, act and vote for me/us on my/our behalf at 18th ANNUAL GENERAL MEETING of the members of the Company to be held on Wednesday October 20, 2010 at 11:30 a.m at Avari Hotel, The Mall, Lahore. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2010

Witness's Signature

Signature _____

Name: _____

Address: _____

Signature and
Revenue Stamp

NOTES:

Proxies, in order to be effective, by the company not later than 48 hours before the meeting and must be duly stamped, signed and witnessed.



GHANI GLASS

Leaders in Glass

GHANI GLASS LIMITED

Head Office:

40 - L, Model Town Extn., Lahore, Pakistan.

Tel : + 92 - 42 - 111 949 949

Fax: + 92 - 42 - 3517 2263

www.ghaniglass.com

Marketing Office:

12 D/5, Chandni Chowk, KDA Scheme, 7/8, Karachi

Tel : + 92-21 - 111 949 949

Fax : + 92-21 - 34926349

www.ghaniglass.com